



Health Services

LOS ANGELES COUNTY

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.



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April 07, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO SIX AGREEMENTS FOR OVERFLOW
MEDICAL RECORDS CODING AND ABSTRACTING SERVICES
(ALL DISTRICTS)
(3 VOTES)**

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 April 14, 2015

PATRICK O'QUINN
ACTING EXECUTIVE OFFICER

SUBJECT

Request approval of Amendments to extend the terms of six Agreements with various Contractors for the continued provision of Overflow Medical Records Coding and Abstracting Services at Department of Health Services facilities.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendments to the Agreements with six Contractors, identified on Attachment A, effective upon Board approval, to extend the term of the Agreements for the period May 1, 2015 through April 30, 2016, for the continued provision of Overflow Medical Records Coding and Abstracting Services for Department of Health Services (DHS or Department) facilities at the same rates of payment, for a total estimated cost of \$11.4M for all six Agreements.
2. Delegate authority to the Director, or his designee, to execute future amendments to the Agreements to: a) comply with Medicare and/or Medi-Cal program revisions and reimbursement directives; b) incorporate and/or revise certain non-substantive terms and conditions; and c) make changes to the

scope of services as they relate to revisions and use of the International Code of Disease (ICD)-9 and/or ICD-10 code sets, utilizing the same rates and under the same terms and conditions set forth in the current Agreements, with all such amendments subject to review and approval by County Counsel.

3. Delegate authority to the Director, or his designee, to suspend or terminate any of the aforementioned Agreements on behalf of County in accordance with applicable termination provisions in the respective Agreements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Director, or his designee, to execute Amendments, substantially similar to Exhibit I, to the Overflow Medical Records Coding and Abstracting Services Agreements to provide uninterrupted services at multiple DHS facilities. The current Agreements are slated to expire on April 30, 2015.

The extension of the current Agreements is necessary to allow the Department the additional time necessary to complete long-term strategic planning for provision of these services. This planning process seeks to address challenges DHS is currently facing, which includes: a combination of coder staff vacancies and inadequate coder staffing ratios with changing business requirements for DHS under the Affordable Care Act (ACA), requirements imposed by the current Section 1115 Waiver and ACA for more detailed and comprehensive coding of both in-network delivered care and care delivered to patients out-of-network, and complying with the new ACA provision of "Presumptive Eligibility" for residually uninsured patients visiting our hospitals/clinics. DHS must now code thousands more outpatient encounters for Medi-Cal that were previously not required. All of this additional workload creates a chronic staffing shortage at some facilities that will be rectified with permanent position requests through future budget processes. There are two additional temporary stresses increasing the need for overflow contract support: 1) implementation of the Online Real-Time Centralized Health Information Database (ORCHID), which will result in temporary decreases in productivity as coders are trained on the new system; and 2) the upcoming transition to ICD-10 coding scheme nationally (anticipated to go live October 1, 2015), which has already resulted in current overflow work because County coders are required to undergo training for ICD-10 and contracted backfill coders are necessary to ensure that the ongoing workload is managed. Additionally, when ICD-10 is implemented, it is anticipated to reduce coding efficiency (based on what was seen with ICD-10 coding in other countries).

Approval of the second recommendation will authorize the Director to execute amendments to make revisions to the Agreements to comply with any future Medicare and/or Medi-Cal program revisions, incorporate and/or revise non-substantive terms, conditions and Board required provisions, and execute changes from the Centers for Disease Control and Prevention (CDC) related to program procedures and code sets for medical coding and abstracting under ICD-9 and/or ICD-10.

Approval of the third recommendation will allow DHS to suspend or terminate Agreements in accordance with the provisions of each contract.

Implementation of Strategic Plan Goals

The recommended action supports Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total estimated cost for the extension period of May 1, 2015 through April 30, 2016 is \$11.4M. Attachment A provides a breakdown of the estimated costs for services provided by each Contractor during the extension period. Funding for these services is included in the Fiscal Year (FY) 2014-15 Final Budget and has been requested as a continuing appropriation in the FY 2015-16 Recommended Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 8, 2008, the Board approved Agreements with Contractors to provide overflow medical records coding and abstracting services to DHS for the period May 1, 2008 through April 30, 2013. These Contractors provide specialized diagnostic and operative coding and abstracting services, including tumor registry coding and abstracting and cancer surveillance reporting. Patients' medical records are audited, coded and abstracted in accordance with established numerical coding systems and special hospital coding systems. Without proper coding, DHS would not be reimbursed for various medical procedures.

The Board subsequently approved Amendments to the current Agreements, extending the terms through April 30, 2014 with additional delegated authority to the Director to extend the terms for one additional year through April 30, 2015.

The termination provisions of each Agreement allow for termination with or without cause with a 30-day advance written notice by either party.

County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

The current Agreements with overflow medical records coding and abstracting Contractors were approved subsequent to an open competitive process. At the time it was determined that these Agreements are exempt from Proposition A contracting guidelines because the services are intermittent and as-needed and therefore are not subject to the Living Wage Program. As part of the aforementioned strategic planning process, DHS will assess whether the Prop A exemption will be applicable to future agreements and will accordingly develop a future solicitation to identify qualified agencies for new Agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommended actions will ensure the continued provision of critically needed overflow medical records coding and abstracting services for DHS facilities.

The Honorable Board of Supervisors

4/7/2015

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Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:ms

Enclosures

c: Chief Executive Office
County Counsel
Executive Officer, Board of Supervisors

OVERFLOW MEDICAL CODING AND ABSTRACTING SERVICE AGREEMENTS

SUMMARY OF FISCAL IMPACT/FINANCING

<u>Contractor</u>	<u>Amendment 05/01/15 to 04/30/16</u>
AE and Associates	\$629,280
ASAP Staffing, Inc.	\$1,251,200
Caban Resources	\$1,277,000
CodeBusters, Inc.	\$2,294,326
CodeMed, Inc.	\$2,299,740
JENN International	\$3,656,372
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Total	\$11,407,918

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall commence and be effective upon approval by the Los Angeles County Board of Supervisors.
2. Paragraph 4, TERM OF AGREEMENT, of the Agreement shall be deleted in its entirety and replaced as follows:

"4. TERM OF TERMINATION

"4.1 The term of this Agreement shall commence on May 1, 2008, and continue in full force through April 30, 2016 unless sooner terminated or extended, in whole or in part, as provided in this Agreement.

4.2. This Agreement may be canceled or terminated at any time by the County, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice thereof to the Contractor.

4.3. Notwithstanding any other provisions of this Paragraph, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement shall constitute a material breach of this Agreement and the County may terminate this Agreement immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right or any other termination rights exercisable by County hereunder.

4.4. The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise an Agreement term extension option."

3. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

Contractor

By _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
Mark J. Saladino
County Counsel

By _____
James Johnson,
Associate County Counsel